COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1625-03
Bill No.: Perfected HS for HB 612
Subject: Enacts the Community First Act to comply with Olmstead decision regarding provision of Medicaid benefits.
Type: Original
Date: March 29, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	($6,427,918)	($11,273,312)	($12,772,981)
Total Estimated Net Effect on All State Funds	**($6,427,918)**	**($11,273,312)**	**($12,772,981)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on All Federal Funds *	**$0**	**$0**	**$0**

*** Revenue and expenditures of approximately $19.7 million annually and net to $0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 17 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** stated this bill creates the Community First Act and Commission. The Department of Social Services, Division of Aging, and Division of Vocational Rehabilitation shall promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations, and forms issued by the Department of Social Services, Division of Aging, and Division of Vocational Rehabilitation could require as many as 28 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is $23.00. The estimated cost of a page in the *Code of State Regulations* is $27.00. The actual costs could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost of the proposed legislation to be $1,722 [(28 pgs. x $27) + (42 pgs. x $23)] for FY 02.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of State Courts Administrator, Office of the Governor,** and **Department of Labor and Industrial Relations** stated the proposed legislation will not have a fiscal impact on their agencies.

Officials from the **Missouri House of Representatives (MHR)** stated the MHR is assuming the reimbursement to the House Members serving on the Commission would be minimal and absorbed in the existing budget.

Officials from the **Department of Health (DOH)** stated this legislation would not be expected to significantly impact the operations of the DOH. If the proposal were to substantially impact the DOH programs, then the DOH would request funding through the appropriations process.

Officials from the **Office of Lieutenant Governor (MLG)** did not respond to our request for fiscal impact. However, in an earlier of the proposed legislation, the MLG stated the proposal would not fiscally impact their organization.

Officials from the **Missouri Senate (SEN)** did not respond to our request for fiscal impact. However, in an earlier version of the proposed legislation, the SEN stated the proposal would have a negligible direct fiscal impact on their agency which could be absorbed in current appropriations.

ASSUMPTION (continued)

Officials from the **Office of Administration (OA)- Division of Budget and Planning (BAP)** stated this legislation creates a 24-member Community First Commission. The Commission shall meet at least biannually and shall be reimbursed for their travel and travel-related expenses. Since the department responsible for paying these expenses is not specified, the OA assumes the following costs for the 11 public members of the Commission. It is assumed the meetings will be held in Jefferson City and the 13 state officials on the Commission would be reimbursed through their respective offices/departments.

- Mileage: estimate 240 miles round trip x 2 meetings per year x $0.295 mileage reimbursement rate x 11 members = **$1,558**
- Lodging: $75 hotel cost per night x 4 (2 nights per meeting) x 11 members = **$3,300**
- Meals: $35 per day x 2 meetings x 2 days per meeting x 11 attendees = **$1,540**. In addition, Commission members will have meal expenses for the evening prior to the meetings: $22 dinner meal x 2 meetings x 11 members = **$484**

The OA-BAP estimates total travel related costs of the proposed legislation to be $6,882 annually.

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal will require funding the Missouri transition to independence grant in the following manner:

FY 02 $1,500 per grant x 84 estimated recipients = $126,000 estimated grant costs.
FY 03 $1,500 per grant x 92 estimated recipients = $138,000 estimated grant costs.
FY 04 $1,500 per grant x 102 estimated recipients = $153,000 estimated grant costs.

The number of estimated recipients is limited to those consumers with disabilities existing in nursing homes with the assistance of the Missouri transition grant. The estimate does not include those consumers eligible for this grant due to aging.

Officials from the **Department of Mental Health (DMH)** provided the following assumptions:

Section 208.146

The DMH officials stated the proposal will have a fiscal impact on the DMH as Medicaid will start looking at spousal income if it is in excess of $100,000, as well as spousal assets if they are in excess of $100,000, in determining Medicaid eligibility. However, the fiscal impact cannot be determined as the DMH doesn't have a way to know how many clients would have spousal assets or spousal income in excess of $100,000.
ASSUMPTION (continued)

Oversight assumes the clients referred to by the DMH have been taken into consideration in DOS's determinations.

Section 208.813

The DMH officials stated this legislation, which establishes the Community First Commission to oversee the state's compliance with the Olmstead decision, would have no fiscal impact on the DMH. The DMH would have to implement recommendations from the Commission. In addition, the proposal states that persons institutionalized in nursing homes who are Medicaid eligible and who wish to move back into the community shall be eligible for a one-time Missouri transition to independence grant. Furthermore, the legislation states that the Department of Social Services and Division of Vocational Rehabilitation shall allow Medicaid funding to follow the disabled individual. The DMH does have consumers who live in nursing homes, however, few of these persons are likely to want to transition out. If they would want to transition out and are able to do so, it is the DMH's understanding that the funding currently in the Department of Social Services' appropriation bill that supports the person in the nursing home institution would be allowed to follow/support the individual in the community (but that money can only be for state plan services like personal care or services authorized by Division of Aging or Vocational Rehabilitation.) Lastly, the transition to independence grant isn't available to persons who live in the DMH facilities who might want to move to the community. As written, the proposal applies only to persons leaving nursing homes.

Section 208.151

Regarding Section 208.146, as reported in 0573-03, officials from the DOS estimate that 441 individuals would be eligible to enroll in the new category of eligibility, based upon data complied from the Congressional Budget Office (CBO) as a result of the estimates conducted for the U. S. House version of HR 1108 (Work Incentives Improvement Act). Further, the DOS estimates the cost of providing services to the 441 eligible individuals would be $784,800 in FY 02, $2,021,374 in FY 03, and $2,761,561 in FY 04. The cost estimated by DOS is inclusive, and includes any costs that would be associated with services provided by the Department of Mental Health. Therefore, this proposed legislation would have no additional fiscal impact to the DMH.

Also, as a result of the change to section 208.151.1(25), it is expected that the impact to the DMH will be minimal, because it is believed that the majority of DMH current clients are denied Medicaid eligibility based on the income limits. However, there is a potential minimal cost savings to DMH if any existing DMH clients become Medicaid eligible through this provision. Services provided by contracted providers to non-Medicaid eligible clients are paid at 100%. If

ASSUMPTION (continued)

our state operated facilities provide covered services to any newly eligible clients, there would be

a very minimal increase in general revenue. However, when individuals become medicaid eligible, they are entitled to additional medicaid services which will be an increased cost to DMH. As a result, the Department anticipates a net impact of zero.

Officials from the **Department of Social Services (DOS)** provided the following assumptions related to the proposed legislation:

Sections 208.810, 208.813, 208.816, and 208.819

Officials from the **DOS - Division of Aging (DA)** stated there would be no immediate fiscal impact on the DA, Institutional Services (DAIS) as a result of the proposed legislation. As individuals with disabilities return to the community from institutional settings, it is possible that some facilities inspected by DAIS will no longer remain open as their resident census drops. However, with the rapid growth expected over the next twenty years in the elderly population, the DAIS cannot readily determine if facilities will be impacted to such a degree as to cease operations. Additionally, since the decision to return to the community is vested with the individual, the DAIS cannot determine the location or level-of-care of facilities that may close or see a significant reduction in residents and reduction in reimbursement for services as a result of this legislation.

Although there is no immediate fiscal impact on the DA, Home and Community Services (DAHCS), there may be a long range fiscal impact from the proposed legislation due to a possible increase in the number of persons transitioning from the nursing homes or institutional based settings into the community. Therefore, based upon the increase in the number of persons returning to the community there may be additional individuals who will require in-home services which would result in a need for additional case managers (social service workers).

Officials from the **DOS - Division of Medical Services (DMS)** stated the proposed legislation has no fiscal impact on the DMS. However, the language is similar to language in the current appropriation bill - HB 1111 Section 11.445, which allows funding for an individual that is eligible for or receiving nursing home care to follow the individual to the community and choose the personal care option in the community that best meets the individual's needs. Supplemental funding of $19.1 million is needed this fiscal year (FY 01) to fund the self-directed personal care program. This program is run by the Division of Vocational Rehabilitation, allows an individual to hire, fire and supervise his/her personal care staff. The DMS assumes that the Division of Vocational Rehabilitation will determine the costs associated with implementing this legislation.

ASSUMPTION (continued)

Section 208.146

The DOS estimates that 441 individuals would be eligible to enroll in the new category of eligibility group. The DOS states the estimate is developed from data compiled from the Congressional Budget Office (CBO) as a result of the estimates conducted for the U.S. House version of HR 1108 (Work Incentives Improvement Act). According to the CBO, approximately 21,000 people who are disabled would return to work by 2004. DOS states that Missouri represents 2.1% of the overall population of the United States (21,000 x 2.1% = 441). The DOS states not all eligibles would apply in the first year of the program. It is projected that there would be 294 eligibles in the first year, 357 eligibles in the second year, and 441 eligibles in the third year.

The DOS states the proposal includes three cost components: 1) the Permanently and Totally Disabled under 150% of the poverty level, 2) the eligibles who have employer-sponsored health insurance, and 3) the eligibles between 151% and 250% of the federal poverty level. The DMS estimates that 75% of the new eligibles would qualify for medical assistance as a Permanently and Totally Disabled individual. The projected eligibles for FY 02 would be 221, FY 03 is 268, and FY 04 is 331. The DOS projects FY 02 cost per eligible of $1,085.40 based on inflating the FY 00 average cost for Permanently and Totally Disabled (PTD) eligibles by the inflation and rate of growth for each component (pharmacy, physician, hospital, etc.). The inflation and growth rates are a one year average based on historical costs. The projected Medicaid eligible for each month was multiplied by the projected cost per eligible per month to arrive at the annual cost. The projected cost for FY 02 is $1,314,419; the projected cost for FY 03 is $3,919,848; and the projected cost for FY 04 is $5,362,200.

The DMS assumes the current contract for the collection of premiums could absorb the additional participants paying premiums.

The DMS states the projected number of eligibles that receive employer-sponsored health insurance is four. The average monthly premium is $110 a month. The inflation rate for premiums based on historical information is 10-15%. The projected cost for FY 02 is $5,280; the projected cost for FY 03 is $5,952; and the projected cost for FY 04 is $6,720.

The DMS assumes that the remaining eligibles would have incomes between 151% and 250% of the federal poverty level. This group of eligibles would be required to pay a premium for participation in the medical assistance program. The projected Medicaid eligibles for each month was calculated with premium collection included in the cost. The projected cost for FY 02 is $695,710; the projected cost for FY 03 is $1,176,528; and the projected cost for FY 04 is $1,647,648.

ASSUMPTION (continued)

The DMS projects the total cost for the proposal to be:

FY 2002 $2,015,409

FY 2003 $5,102,328
FY 2004 $7,016,658

Officials from the **DOS - Division of Family Services (DFS)** state the following:

Assume the number of individuals between the ages of 18 and 64 in Missouri with income at or below 250% of the Federal Poverty Level (FPL) to be 847,333. The total Missouri population between the ages of 18 and 64 is 3,013,259. 28% of Missourians between the ages of 18 and 64 have income below 250% of the FPL (847,333 / 3,013,259=28%). Source: U.S. Census Bureau, July 2000.

Assume 85% of the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) recipients ages 18 to 64 have income below 250% of the FPL. Source: Annual Statistical Supplement, 2000 published by the Social Security Administration.

Assume number of individuals in Missouri with a work disability to be 106,281. Note: This does not assume individuals are Permanently and Totally Disabled (PTD). Assume 3.5% of Missourians have a work disability (106,281 / 3,013,259= 3.5%). Source: U.S. Census Bureau.

Assume that 5,734 individuals receiving services through the Division of Vocational Rehabilitation were placed in the workforce during FY 00. Of that group 1,846 received SSDI or SSI. The remaining 3,888 who went to work were Non-SSDI/SSI recipients. Source: The Division of Vocational Rehabilitation.

Assume number of individuals in Missouri receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) to be 192,134 (SSDI - 111,520 + SSI -80,614). Total number of social security recipients receiving both SSDI and SSI is 26, 925. Unduplicated number of SSDI and SSI recipients is 165,209 (192,134 - 26,925= 165,209). Source: Social Security Administration.

Assume the number of individuals between the ages of 18 and 64 receiving Medicaid as of 12/31/01 to be 93,105. These individuals will be excluded as possible eligibles since they are already active Medicaid recipients. Source: Department of Social Services, Research and Evaluation Unit.

ASSUMPTION (continued)

Assume 56.5% have income < 250% of the FPL. Assume the working disabled population may be employed less than 40 hours per week. An average has been used to determine the percentage of the working disabled population below 250% of the FPL. (Average 28% of Missourians between the ages of 18 and 64 to 85% of those receiving SSDI and/or SSI.) Source: U.S. Census

Bureau and the Social Security Administration.

Assume married individuals seeking Medicaid coverage through this program will take the necessary steps to transfer any assets potentially affecting eligibility. However, assume that 50% of single individuals seeking Medicaid coverage will be ineligible on the basis of resources.

165,209	Unduplicated SSDI/SSI
+ 3,888	# of Vocational Rehabilitation recipients in the work force
169,097	Total with a work disability
169,097	# with a work disability
- 93,105	# of active Medical Assistance cases between 18 and 64
75,992	Total universe of eligibles
75,992	Total universe of eligibles
x 3.5%	% with a work disability
2,660	# with a work disability
2,660	# with a work disability
x 56.5%	% < 250% of FPL
1,503	# % < 250% of FPL
1,503	# % < 250% of FPL
x 75%	% expected to apply
1,127	# expected to apply
1,127	# expected to apply
x 65%	% living alone
733	# living alone
1,127	# expected to apply
x 35%	% living with spouse
394	Total # of eligible couple cases
733	# living alone
x 50%	% of those living alone ineligible on the basis of resources
367	Total # of eligible single cases

ASSUMPTION (continued)

394	Total # of eligible couple cases
+367	Total # of eligible single cases
761	Total # of new eligibles

New eligibles will be phased in over a 2 year period.

HW-C:LR:OD (12/00)

Assume an average adult Medicaid caseload to be 480 cases.

761 / 480 = 1.58 or 2 new Caseworker FTEs needed to maintain new cases. The DFS plans to absorb any new eligibles the first year therefore no FTEs will be needed for FY 02. In FY 03, the DFS will need the 2 new FTEs to manage the new cases. Caseworker duties and responsibilities include take and process applications for eligibility, respond and answer both written and telephone requests for information or reported changes, and maintain all active cases in caseload.

Annual salary for a Caseworker is $29,520.

Oversight assumes there would be 441 new eligibles and would require only one Caseworker.

Section 208.151

The DA officials state they assumed, for Institutional Services, the increase in the number of individuals eligible for Medicaid services would directly affect the number of surveys, inspections, and complaint investigations required in long-term care facilities at this time. At October 1, 2000, 79.4% of nursing facility beds certified for Medicaid /Medicare participation were occupied. However, if the number of individuals in future year resulted in new facilities being certified for Medicaid/Medicare participation, then DA would need to request additional staff for inspection, survey, and complaint investigations based on the increase in the number of providers.

The DA assumed, for Home and Community Services, that DFS would calculate the fiscal impact associated with determining eligibility for recipients under the new requirements, the DMS would determine the fiscal impact associated with the cost of services for the new group of eligible recipients, and the DLS would determine the fiscal impact associated with the cost of any administrative hearings. The DA states that, based on information provided by DFS, it is projected that 25% for the QMB eligibles would qualify under the raise in income limits. Therefore, the DA estimates that only 2,971 QMB (25%) of the 11,882 QMB eligibles would result in cases requiring case management services due to the increase in the income level to 100% of the federal poverty level (FPL). The DA assumes that the spenddown clients and the ASSUMPTION (continued)

Blind Pension (BP) clients who become eligible because of the increase requirements who are currently receiving in-home services are already being case managed and, therefore, will not increase the number of potential eligibles.

The DA stated that according to the DOS - Research and Evaluation Unit, there were 69,928 Medicaid recipients age 65 and over in FY 2000. As of June 30, 2000, the DA had authorized in-

home services to just over 20,363 Medicaid in-home service recipients age 65 or over. Based on the assumption that the participation rate for in-home services is 29.12% (20,363/69,928), the DA estimates that 865 (2,971 x 29.12%) additional recipients will access home care as an alternative to facility placement requiring case management. Based upon the assumption that these clients enter the Medicaid program who previously would not have qualified for the program, the DA estimates that 865 new clients would require case management in the first year. Based upon a growth factor of 3.94%, the DA estimates that 899 (865 x 103.94%) clients would require case management in the second year and 935 (865 x 103.94% x 103.94%) in the third year. The DA would need eleven (11) additional Social Service Worker II (SSW) positions in the first year to case manage the new eligibles based on current average caseload size of 80 cases per SSW (899 /80 = 10.8125). The DA would need no additional workers the second year (899 /80 = 11.2375) and one additional position the third year (935 / 80 = 11.6875). The DA would also need one (1) Home and Community Services Area Supervisor based on current supervision levels of one supervisor for every nine SSW and one (1) Clerk Typist II position to provide clerical support to the Area Supervisor and SSW staff. The DA would add the supervisor and clerical support staff in the first year.

The DMS officials stated they worked with the DFS to identify the population that would be proposed for full medical assistance. The DMS stated the population would include spenddown, Qualified Medicare Beneiciary (QMB) only, and Blind Pension eligibles. These populations are currently receiving a limited medical services benefit but this proposal would allow the eligibles to receive the full benefit. Currently there are 10,908 spenddown eligibles, 2,971 QMB only eligibles, and 2,611 Blind Pension eligibles. The DMS states there are individuals that would be eligible for the spenddown program but are not enrolled. The DMS assumes that this population might present themselves for medical coverage if this proposal is adopted, but the DMS is unable to estimate this population.

Spenddown: The DMS assumes that the 10,908 eligibles would be phased in over a six month time period. The DMS also assumes a monthly cost of $116.75 which is based on a report produced by Myers and Stauffer. The DMS assumes a four percent increase in medical cost each year and caseload increase of 3.94% each year.

ASSUMPTION (continued)

QMB Only: The QMB only population is 11,882 with resource limits up to $4,000. The DMS assumes that only 25% of this population would apply and subsequently be found eligible due to the limitation of resources. The DMS assumes a monthly cost of $166.00 which is the difference between 100% of federal poverty level and the social security income maximum. The DMS assumes a four percent increase in medical cost each year and caseload increase of 3.94% each year. The DMS also assumes that these eligibles would be phased in over a six month time period.

Blind Pension: The current caseload for this population is 2,611. The DFS assumes that 37 eligibles of this population would be eligible for the full Medicaid benefits with this proposal. Since the medical payments for this population is currently 100% General Revenue and since they do not receive the full Medicaid benefits, the DMS assumes a reduction in General Revenue and an increase in federal funding for this population.

Claims Processing Cost: The DMS estimates the claims processing costs associated with these eligibles at $50,000 per year. These costs would be matched at the 50/50 General Revenue/Federal Funds rate.

The DFS stated that section 1902 (1) (2) of the Social Security Act now allows federal financial participation for the aged and disabled population when raising the income limit to100% of poverty, or increasing the resource limits. The DFS states this change allows income to be increased without increasing the resource limits. The DFS assumes the spenddown population, who would be eligible for full Medicaid on the basis of the 100% of the federal poverty level (FPL), to be those with income greater than $530 (SSI Standard for a single individual) but less than or equal to $696 (100% of FPL) or with income greater than $796 for married couple but less than or equal to $938 to be 10,908 (data provided by DOS Research and Evaluation unit dated 10/25/00). The DFS assumes of the 2,611 Blind Pension (BP) cases that 45% would be eligible for Medicaid under the expanded income guidelines of 100% of FPL. These cases would represent a cost avoidance/savings for the DOS since the cost for Medicaid would be based on a state - federal match rather than 100% state general revenue funding as is the current arrangement.

2,611	BP caseload
x 45%	% of cases under 100% FPL
1,175	BP cases eligible for federal Medicaid funding

In addition, all Qualified Medicare Beneficiary (QMB)-only recipients would now be eligible for full Medicaid coverage. However since the resource limit remains unchanged at $1,000 (single) and $2,000 (couple), the DFS assumes that only 25% of the 11,882 QMB only population would
ASSUMPTION (continued)

apply and subsequently be found eligible on the basis of resources ($1,000/2,000 represents 25% of $4,000 QMB resource maximum) (data source: DOS FY 2000 Annual Data Report).

11,882	QMB only population
x 25%	% of QMB only population
2,971	QMB only cases eligible for federal Medicaid funding

10,908 Spenddown eligibles

2,971	QMB only eligibles
1,175	BP eligibles
15,054	Total Eligibles

The DFS assumes no new eligibles as result of this proposal. Individuals currently in need of medical assistance have applied for and are receiving benefits on a spenddown basis. The DFS estimates that no additional FTE would be needed to implement this proposal since it is already managing the Spenddown and QMB population at its current staffing level. The DFS assumes a zero fiscal impact if this proposal is enacted.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
Costs - Office of Administration			
Travel Costs of Commission Members	($6,882)	($7,088)	($7,301)
Costs - Department of Elementary and			

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Secondary Education			
Missouri Transition Grants	($126,000)	($138,000)	($153,000)
Costs - Department of Social Services - Division of Medical Services			
Medical Assistance Payments (Section 208.146)	($784,800)	($1,986,847)	($2,732,252)
Medical Assistance Payments (Section 208.151)	($5,106,459)	($8,660,117)	($9,354,612)
Total Costs-Division of Medical Services	($5,891,259)	($10,646,964)	($12,086,864)
Costs - Department of Social Services - Division of Family Services			
Personal Services (1 FTE)	$0	($20,442)	($20,953)
Fringe Benefits	$0	($6,813)	($6,984)
Equipment and Expense	$0	($7,272)	($1,372)
Total Costs - Division of Family Services	$0	($34,527)	($29,309)
Costs - Department of Social Services - Division of Aging			
Personal Services (9.10 FTE)	($234,586)	($288,541)	($319,047)
Fringe Benefits	($78,188)	($96,171)	($106,338)
Equipment and Expense	($91,003)	($62,021)	($71,122)
Total Costs - Division of Aging	($403,777)	($446,733)	($496,507)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($6,427,918)**	**($11,273,312)**	**($12,772,981)**

FEDERAL FUNDS

Income - Department of Social Services - Division of Medical Services			
Medicaid Reimbursements	$9,584,613	$17,073,979	$19,368,493
Income - Department of Social Services -			

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Division of Family Services			
Medicaid Reimbursements	$0	$17,007	$14,435
Income - Department of Social Services - Division of Aging			
Medicaid Reimbursements	$217,416	$240,548	$267,349
Costs - Department of Social Services - Division of Medical Services			
Medical Assistance Payments (Section 208.146)	($1,230,609)	($3,115,481)	($4,284,316)
Medical Assistance Payments (Section 208.151)	($8,354,004)	($13,958,498)	($15,084,177)
Total Costs-Division of Medical Services	($9,584,613)	($17,073,979)	($19,368,493)
Costs - Department of Social Services - Division of Family Services			
Personal Services (0.33 FTE)	$0	($10,069)	($10,320)
Fringe Benefits	$0	($3,356)	($3,440)
Equipment and Expense	$0	($3,582)	($675)
Total Costs - Division of Family Services	$0	($17,007)	($14,435)
Costs - Department of Social Services - Division of Aging			
Personal Services (4.90 FTE)	($126,316)	($155,369)	($171,795)
Fringe Benefits	($42,101)	($51,784)	($57,259)
Equipment and Expenses	($48,999)	($33,395)	($38,295)
Total Costs - Division of Aging	($217,416)	($240,548)	($267,349)
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	**$0**	**$0**	**$0**

*** Revenue and expenditures of approximately $19.7 million annually and net to $0.**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

There may be an economic impact on the nursing facilities as disabled individuals leave the facilities and return to the community and an economic impact on those who provide in-home services to those individuals returning to a community setting. The economic impact of the proposed legislation on small business is unknown.

DESCRIPTION

The proposed legislation establishes the "Community First Commission" to oversee the state's compliance with the decision in Olmstead and implement the recommendations of the temporary home and community-based services and consumer-directed care commission of 2000. The duties of the community first commission shall include, but not be limited to: 1) facilitating communication and collaboration between state agencies and departments in accomplishing the objectives of the temporary home and community-based services and consumer-directed care commission of 2000 and the community first commission; 2) assessing the manner in which institutionalized individuals with disabilities transition into community-based treatment settings and evaluating the community-based treatment settings on their success in keeping at-risk individuals with disabilities out of institutions; and, 3) developing recommendations for legislative or administrative rule changes.

The community first commission shall consist of twenty-four members including public members appointed by the governor, various department directors, the executive director of the Governor's Council on Disabilities, the Lieutenant Governor, one member of the judiciary, the President of ARC of Missouri, and two members each from the House of Representatives and the Senate. The commission will meet biannually and receive no compensation for duties performed (expenses will be reimbursed). By January 31st of each year, the commission will submit a report to the Governor and General Assembly detailing the status of the state's compliance and include recommendations for changes. The commission is to be re-authorized by the General Assembly every four years.

The Department of Social Services and the Division of Vocational Rehabilitation shall allow Medicaid funding to follow the disabled individual. Persons institutionalized in nursing homes who are Medicaid eligible and wish to move back into the community shall be eligible for a one-time Missouri transition to independence grant. The grant will be limited to up to fifteen hundred dollars to offset the initial down payments and setup costs associated with housing as

DESCRIPTION (continued)

the person moves out of a nursing home. The Division of Vocational Rehabilitation and Department of Social Services shall cooperate in actively seeking federal and private grant moneys to fund this program, except that the grant moneys shall not limit the General Assembly from appropriating moneys for the Missouri transition to independence grants.

This proposal would establish eligibility requirements for needy persons to receive medical

assistance. These requirements would be derived from the federal Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA). The proposal would authorize medical assistance to be paid for a person who is employed and who: (1) meets the definition of the term "disabled" under the Supplemental Security Income Program or meets the definition of employed individual with a medically improved disability under TWWIIA; (2) meets the asset limits specified in the proposal; and (3) has an annual income of 250% or less of the federal poverty guidelines. Income would not include any income of the person's spouse or children. Individuals with incomes greater than 150% of the federal poverty guidelines would pay a premium for participation. A person otherwise eligible for medical assistance under the proposal would not lose eligibility if he or she maintains an independent living development account, as defined in the proposal. These accounts would not be considered an asset for determining eligibility until that person reaches 65 years of age. If an eligible individual's employer offers employer-sponsored health insurance and the Department of Social Services determines that it is more cost-effective than medical assistance, the individual would participate in the employer--sponsored insurance. The department would pay the individual's portion of the premiums, copayments, and other associated costs. Medical assistance would be provided to an eligible person as a secondary or supplemental policy to any employer-sponsored benefits available to that person. The department would submit appropriate documentation to the federal government for approval and would apply for all grants available to offset the costs associated with the proposal's provisions.

In addition, this proposal would also revise Section 208.151, RSMo, concerning the eligibility to receive medical assistance by requiring that every aged, blind, or disabled person with an annual income up to 100% of the federal poverty level would be eligible to receive assistance. The Department of Social Services would be required to apply to the Secretary of the U.S. Department of Health and Human Services for a modification of any existing waiver or for any new waivers which would be necessary to implement this requirement. Upon receipt of the waiver, the department would be required to provide medical assistance to these eligible persons.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Division of Budget and Planning
Office of the Governor
Department of Elementary and Secondary Education
Department of Mental Health
Department of Health
Department of Labor
Department of Social Services

HW-C:LR:OD (12/00)

Missouri House of Representatives
Office of Secretary of State
Office of State Courts Administrator

NOT RESPONDING:
Office of Lieutenant Governor
Missouri Senate

Jeanne Jarrett, CPA
Director

March 29, 2001